



THE COMMONWEALTH OF MASSACHUSETTS  
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November 4, 2005

Ms. Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, Massachusetts 02110

RE: Investigation by the Department of Telecommunications and Energy on its own Motion pursuant to G.L. c. 159, §105 and G.L. c. 164, §76 to investigate increasing the penetration rate for discounted electric, gas and telephone service, D.T.E. 01-106.

Dear Secretary Cottrell:

Enclosed please find the Affidavit of Timothy Newhard, a supplemental filing to the Attorney General's Motion for Reconsideration, and six copies for filing in the above matter. Thank you.

Sincerely,

*Colleen McConnell*

Colleen McConnell  
Assistant Attorney General

enclosure

cc: Jeanne Voveris, Hearing Officer  
Service List



**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Investigation by the Department of Telecommunications )  
and Energy on its Own Motion to Increase the Participation )  
Rate for Discounted Electric Gas and Telephone Service )  
\_\_\_\_\_

D.T.E. 01-106

**AFFIDAVIT OF TIMOTHY NEWHARD**

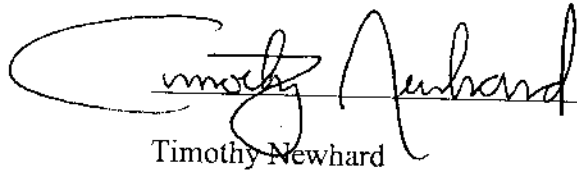
I, Timothy Newhard, depose and say as follows:

1. I am a financial analyst with the Utilities Division of the Office of the Attorney General of the Commonwealth of Massachusetts. My business address is 1 Ashburton Place, Boston Massachusetts, 02108.
2. I graduated from the University of Maine at Orono in 1979 with a Bachelor of Science Degree in Engineering Physics. In 1981, I graduated from Northeastern University with a Masters Degree in Business Administration with concentrations in finance and economics. I passed all of the Certified Public Accounting exams in 1985 and successfully completed all of the Chartered Financial Analyst exams in 1991.
3. I have been employed in the Office of the Attorney General since 1981 as a financial analyst, working on all aspects of utility rate cases. I have advised the Office of the Attorney General on policy and technical issues regarding utility matters and testified as an expert witness on various cost of service issues.
4. During the course of my employment, I have worked extensively with utility cost of service, and cost recovery mechanisms.
5. I have reviewed the companies' responses to the requests for information in D.T.E. 01-106 submitted to the Massachusetts Department of Telecommunications and Energy (the "Department").
5. None of the companies has provided calculations to show that it is under-recovering the cost of the low income discounts that are the subject of the proposed rate adjustment mechanism in this case.
6. The companies recover the cost of the discount through the base rates charged to the other, non-low income customers.

7. The cost recovery of the low income discount has increased significantly for most companies due to the increase in sales volumes, since the time that the discount was established in the last base rate case.
8. Half of the reporting companies are currently over-recovering the cost of the low income customer discount, simply due to the fact that they now have fewer low income customers than the number used to determine rates in their last base rate case.
9. The additional recovery of the low income subsidy from the increased sales from the non-low income customers has also improved the companies' financial positions, including companies that have added low income customers since the last base rate case. Massachusetts Electric Company, for instance, has added 32 percent more low income customers since its last rate case (including the addition of Eastern Edison), whereas it has increased recovery of the subsidy by 41 percent.

The foregoing affidavit is true and accurate, to the best of my knowledge, information and belief.

Signed this 4<sup>th</sup> day of November 2005.

  
Timothy Newhard

Subscribed and sworn to before me this 4<sup>th</sup> day of November 2005.

Colleen M. McConnell

My Commission expires: 7-3-2009

Notary Public